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C O N F I D E N T I A L SECTION 01 OF 03 SUVA 000406

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TAGS: [PREL](#) [PGOV](#) [PINR](#) [EAIR](#) [ECON](#) [KR](#)
SUBJECT: KIRIBATI: ELECTIONS COMING, CHINA/TAIWAN
IMPLICATIONS; CUBA RELATIONS

REF: A. SUVA 397
[1](#)B. SUVA 398
[1](#)C. SUVA 399
[1](#)D. SUVA 402

Classified By: Amb. Dinger. Sec. 1.4 (B,D).

Summary

[1](#)1. (C) During a visit by the Ambassador to Kiribati, President Tong reiterated his strong interest in access to the Millennium Challenge Account. Tong complimented last May's Pacific Islands Conference of Leaders (PICL) in Washington, which gave excellent insights into USG checks and balances. Kiribati general elections on Aug. 22 will lead to presidential elections in October. President Tong expects a victory. The results have geo-strategic implications. If Tong's opponents win, the PRC could return and re-establish a satellite-tracking station on Tarawa. Kiribati's trust fund is doing well. A Cuban embassy and ten MDs are resident on Tarawa, with more MDs coming. Cuba has provided 20 scholarships to Kiribati medical students. The Kiribati Government is unhappy with its current air-space control arrangement with Fiji and plans to raise the subject at an ICAO meeting later this year. End summary.

PACOM and Ambassador visit Kiribati

[1](#)2. (U) The Ambassador's July 20-24 visit to Kiribati overlapped with a highly successful PACOM humanitarian assistance mission that saw 28 military personnel, mostly from the Air Force, spend a week providing medical and construction assistance, mostly to schools and clinics. The Ambassador's visit gave opportunity to discuss a range of issues with Kiribati officials. Topics included ship-registry concerns (Ref A), Peace Corps (Ref B), trafficking in persons (Ref C), and the China-Taiwan competition (Ref D). In a meeting on July 20, President Tong reiterated Kiribati interest in gaining access to the Millennium Challenge Account. We explained our understanding of the state of play. Tong complimented Washington for its part in organizing the Pacific Islands Conference of Leaders (PICL) last May. He said it was "very valuable," particularly in illustrating the checks and balances between the executive and legislative branches in the U.S. system.

General elections Aug. 22

[1](#)3. (SBU) Kiribati will hold its every-three-year general

elections August 22. In preparation, an elections commission has recommended expanding Parliament from 40 to 44 elected seats. Two members (the attorney general and a representative from Rabi) sit without election. The new parliamentary total will be 46. Numbers in Parliament have expanded several times over the years as the Kiribati population has grown. President Tong, who over the past three years has built his coalition from a bare majority to a comfortable margin, expects his group to win Parliament handily. Tong has contemplated solidifying his coalition by means of a "Samoa approach": creating so many "assistant minister" positions that nearly everyone in Parliament can have a sinecure; however, he worries such manipulation could allow a President "too much power," not a good thing in a democracy.

Oct. Presidential election; China/Taiwan implications

14. (C) Once the new Parliament sits, it will select up to four persons from among its members to run for President in a nation-wide vote that will take place in October. The Kiribati Constitution permits a President to be reelected twice. Within the constitutional limits, Parliament has repeatedly given sitting Presidents opportunities to run again, and Kiribati voters have repeatedly reelected incumbent Presidents. Thus, many observers figure Tong will retain the Presidency, and that has geo-strategic implications. Per Ref D, Kiribati's loyalty between China and Taiwan has shifted with past election results. Tong's recognition of Taiwan in 2004 caused the PRC to depart, taking away a satellite-tracking station that may have had the U.S. Kwajalein base in its sights. Tong, the Taiwan Ambassador to Kiribati, and several observers all predict

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that the China-Taiwan issue will not influence voters, who think grassroots.

Issues at play: scholarships and overdrafts

15. (SBU) Two "big" issues that could cut against Tong are allegations that officials manipulated the national scholarship program to favor children of the elite and a recent judicial ruling that the Tong government's use of a bank "overdraft" facility was against the law. Reportedly two civil servants lost their jobs in the scholarship scandal. The Kiribati Court of Appeals was to hear the overdraft issue in early August, before the election. In the meantime, the Tong Government stopped using the facility and went on a PR offensive, explaining that past governments had also used overdrafts, and the intention was pure. The Government could have used trust-fund revenues to cover expenditures, but the trust fund was earning excellent interest. Tapping the overdraft facility at a lower interest rate made fiscal sense. Some observers suggest, though, that the Tong Government had been using the overdraft facility much more than previous governments.

Trust fund healthy

16. (SBU) The Kiribati trust fund, established at independence by Australia, New Zealand, and the UK, and managed professionally in Australia, is healthy. It currently has A\$680 million in assets, and the Kiribati Government has never attempted to tap the corpus. That said, the Tong Government reportedly has used more of the annual distributions from the trust for current-account expenditures than past governments, and has injected less back into corpus.

Cuban MDs much appreciated; Embassy in place

17. (SBU) Within the past year, Cuba opened up an embassy in Kiribati, headed by a Charge who reports to Manila. That embassy oversees a Cuban medical-assistance program that Kiribati officials laud. Ten Cuban MDs are currently in Kiribati, with more coming. Kiribati insisted that all Cuban

MDs speak English well, and that has been honored. The initial ten reportedly provided earthquake relief in Pakistan and tsunami relief in Indonesia prior to arriving in Kiribati. In addition, Cuba has provided scholarships for twenty Kiribati students to study medicine in Cuba. The program includes a year of Spanish and then six to seven years of medical training. When we asked what caused Cuba to approach Kiribati, nobody had an explanation, beyond altruism.

Air-space control issues for ICAO

18. (U) The Kiribati Secretary of Transportation raised his government's interest in re-ordering regional air-space control. Currently multiple air-control centers cover portions of the vast Kiribati EEZ. The Fiji center controls most air space over the Gilbert Islands group; and the FAA Oakland center controls most airspace over the Phoenix and Line Islands groups. Kiribati needs funding sources. It believes the Fiji center should share revenues, but Fiji refuses to do so. Reportedly Australia and New Zealand have said that, if Kiribati can obtain the air-control rights now in Fiji hands, Australia and New Zealand would be willing to do the controlling, with the revenues flowing to Kiribati. Kiribati requests USG support for such a plan at the annual ICAO meeting later this year.

Comment

19. (C) We are told that Kiribati parliamentary elections are nearly always decided on the basis of local issues and family ties. Thus, it is impossible for an outsider to predict results. We expect the PRC is attempting to work behind the scenes to encourage its supporters (now in opposition), and Taiwan is presumably doing what it can to encourage Tong-coalition members. The August results will give an idea of public sentiment. Who the Parliament chooses as the three or four candidates to run for President will give an additional view. Then, in October, the public will reveal all. We were told to expect that Kiribati's delegation to the Pacific Forum in Tonga in October will be light. Real movers and shakers will be hard at work back home campaigning.

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